2950-3

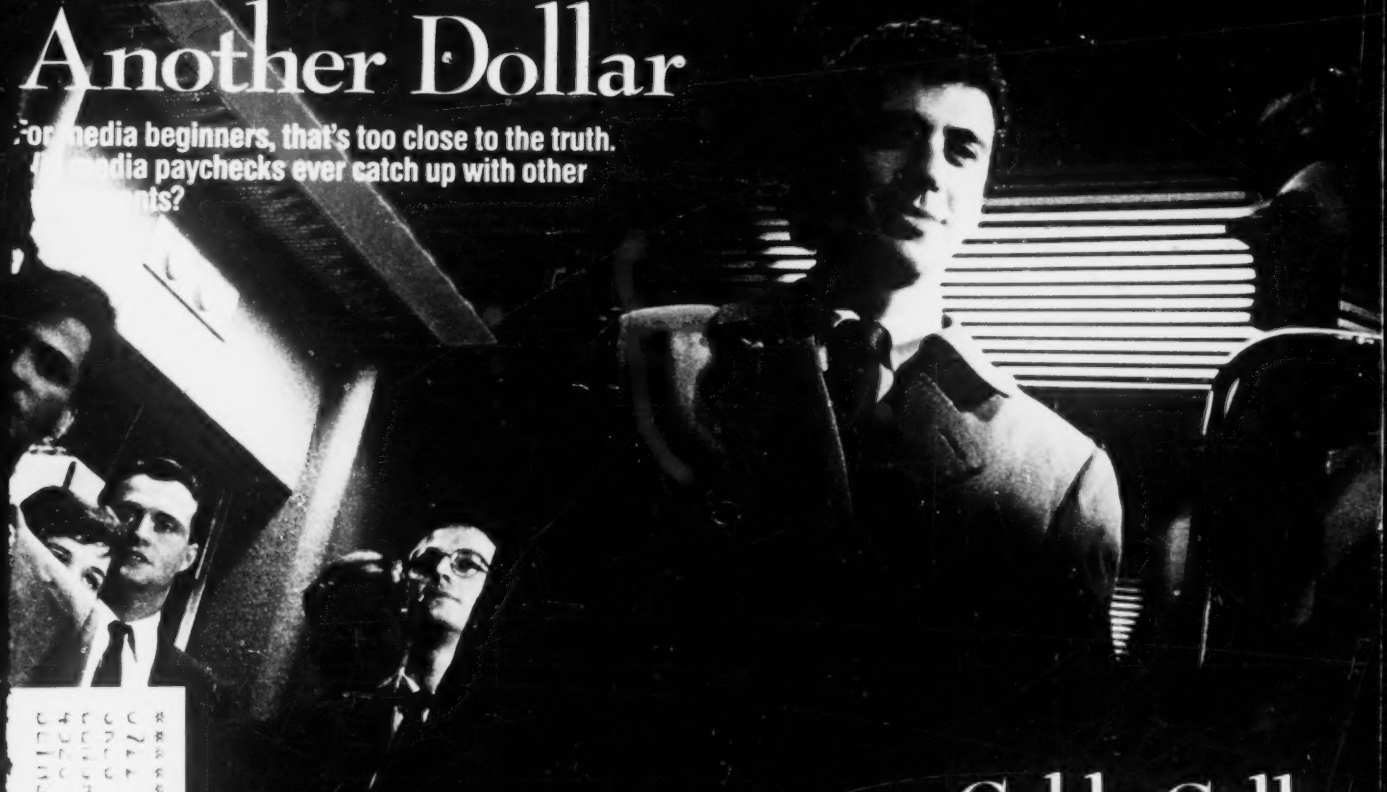
M&M

MARKETING & MEDIA DECISIONS

APRIL 1990 · $4.00

Another Day, Another Dollar

For media beginners, that's too close to the truth.
Will media paychecks ever catch up with other
accounts?



Cable Call

The top agencies project gains ahead. Big-spending clients tell why.

Media as a Profit Center

Smokin' Superslims

Mags: Free at Last?

ABC or no, free circulation magazines still have a lot to prove.

DEPARTMENTS

LETTERS 6
Readers face off in a local-sports debate, and a high-tech option based on frequent purchases is introduced.

PROFILES 8
Angus Twombly is Times-Mirror's new multi-media man, and Linda Urben succeeds Douglas Ritter as AT&T's corporate broadcast buyer.

DEBUT 14
Two new titles in the women's market mean business as they set out to help the working woman: *Family Circle*'s *Now* and *Entrepreneurial Woman*.

NEWS BEAT: MAGAZINES 15
The MPA and the electronic media kit . . . Chrysler signs Select; *Newsweek* thinks selectively . . . Home decor galore . . . Molto buono, *Bon Appetit* . . . Changes at *Cooks* . . . McMagazines.

NEWS BEAT: NEWSPAPERS 17
Suburban shopping spree . . . Five major dailies stir up an entertaining option . . . National business still in a slump . . . Fighting local options to keep up the classified.

BUSINESS-TO-BUSINESS 20
Financial magazines launched in the go-go years of the eighties find their days may be numbered as a once-bull market continues to pull in its horns.

NEWS BEAT: MEDIA DEPARTMENTS 21
Our poll . . . Saatchi's new cross-media team . . . Cadwell-Davis goes home again . . . Shalek faces Fox . . . Other moves.

NEWS BEAT: BROADCAST 79
Will sports keep scoring? . . . Fall plans . . . Dollars up . . . Radio review . . . Talkin' about a maestro.

SALES PROMOTION 81
CBS and K mart took the top Reggie award for 1989 with an integrated campaign that tied the stores to the network's new season. Here's all of this year's top ten.

TOOLS OF THE TRADE 84
Data on Hispanic viewing is notoriously unreliable, but a new Nielsen test holds the promise of change.

NEWS BEAT: CABLE 85
Introducing the upfront sell . . . Profiles of some pitch plans . . . Comedic timing . . . News bites.

ECONOMIC EYE 87
Our Media Cost Index closes 1989 with increases that range from 0.8% for daytime tv to a high of +12% for nighttime. Also, our magazine category review.

THE LAST WORD 88
Newly niche-conscious retailers are demanding that media deliver not only the message, but the target.

BRAND REPORT:

Credit Cards

Even gold and platinum can tarnish as the credit-card market searches for new selling angles.

73

FEATURES

CONSUMER MAGAZINES:

Free at Last? 25

The Audit Bureau of Circulations' verification system for free-circulation magazines may give the freebies new respectability, but many buyers and publishers still doubt you get something for nothing.

Where the Bucks Are 30

The pay stinks — that's a given when you start in the media department. But then what? This look up the ladder finds the prospects improving as media struggles for parity with other agency disciplines.

Media as a Profit Center 37

Agencies large and small are giving media management the go-ahead to sell the department's skills to non-clients — and even other agencies. Can the media department become a profit center?

Slims' Grand Slam 41

Virginia Slims Superslims sashayed into a hostile marketplace and burnt a hole in its rival's market share. Such is the power of its parent, Philip Morris.

ANNUAL REPORT:

Cable Call 46

Cable, broadcast — it's all tv. So say advertisers and agencies as they rethink their tv buys, often to cable's gain. Here's the clients' thinking; our annual ranking of the top 20 agencies by cable investments; percentages of their tv billings in cable; a three-year tracking of the agencies' projected and actual cable billings; and a three-year look at the clients' cable investment patterns.

AS THEY SEE IT

MEDIOLOGY Erica Gruen 67
Alternative media are exciting, but are they a good deal? Here's a checklist to measure their worth.

CABLE Gerald Eilers 68
How local cable, often overlooked, solved one imported beer's problems.

TELEVISION William Melnick 68
Phone companies are likely to break into program distribution, ringing in huge changes.

RADIO Mike Gross 69
Which medium offers planners the best creative possibilities? This buyer converts to radio.

OUTDOOR Richard Briggs 70
One of New York's most popular outdoor ads ends a 40-year run.

Cover: Lintas wakes up. Photography by John Stuart.

WHERE THE BUCKS ARE

by Joe Mandese The young copywriter has assembled a hot book, a mantel's worth of creative awards and a fat, six-figure salary. Then there's the young hot-shot AE who produces the new business lead that lands both her and her agency on Easy Street. Such are tales that ad legends — and fortunes — are made of.

Media is not the stuff of legends. Few people ever hear about the young planner who slogs through the numbers to save his client thousands or even millions of dollars. And what about the broadcast buyer who stretches that plan even further by shaving fractions of cents off the CPMs? Nice job, good going, now back to work — all for a pittance.

For beginners, they certainly aren't in media. The dollars rise quickly, however, with the right skills, the right moves — and the right agency.

"The psychology is that these people are overhead," explains Jerry Fields, whose New York City-based recruiting firm places executives in all agency departments. "And even though they are very important in terms of the profitability of an account, they are

John Stuart

treated like clerks or secretaries."

Actually, they are sometimes treated worse. With few exceptions, entry-level salaries for media recruits at major shops are lower than what an agency would pay for a secretary, ranging from a low of $14,000 to a high of $20,000. Salaries, for account executive trainees, for instance, can be $7,000-$10,000 higher than in media.

Well, nobody said the advertising business was fair, but guess what? It seems to be getting a bit more so. Although salaries for

As media people begin their long day at Lintas, they can take comfort in higher entry-level pay and salary reviews every six months.

JWT media director Richard Kostyra made pay-day happier for some by tying salaries more closely to experience.

Progress is one thing, parity another. Media's starting salaries still trail account services by $7,000 to $10,000.

media executives whether beginners or veterans still generally lag their peers in creative and account management, the gap has narrowed considerably, according to executive recruiters and media management. And while entry-level salaries in the media department remain meager, the disparity between media and other departments diminishes substantially by middle management and all but disappears when you get to the top.

That's small comfort for an assistant planner at a major agency, who's struggling to live on $14,000 a year and sharing the elevator with a creative peer pulling down ten times that amount. But that planner should stick it out — he or she could conceivably make that kind of money, albeit in ten years. Or sooner. Media these days is creating its own hot-shots, who have accelerated their career growth through a combination of brains, good instincts and being in the right place at the right time. Fast-trackers in their early 30s like Wells Rich Greene's media director Steve Farella reportedly are pushing the envelope of media compensation well into the six-figure range. And at the furthest end of the salary spectrum, there are heads of major agency media operations who are said to be making in excess of $400,000.

While these salary spreads reflect the extremes of media department compensation, average salaries appear to be growing at a faster rate for media than for other parts of the agency in a game of catch-up. Since 1982, when *Adweek* magazine began reporting department averages in its annual salary survey, compensation levels have grown 66% for media (to $42,800 in 1989), compared to 65% for creative ($50,500) and only 30% for account management ($45,900). (Average salaries may actually be lower than industry norms, because the survey reportedly is skewed toward smaller agencies.)

Spurred on by client concerns regarding the quality of their media plans and buys, agency management finally seems to be answering the department's call for more resources. The media department received only 4% of the average agency's income compared to 14% each for the creative and account management departments when the American Association of Advertising Agencies published its guidebook to cost

Brad Mayer

Media Department Salary Ranges by Selected Titles

Assistant Planner/Buyer*:	$14,000 - 20,000
Planner (one-years of experience):	$20,000 - 25,000
Planner (two-years):	$23,000 - 28,000
Planner (three-years):	$28,000 - 35,000
Supervisor:	$30,000 - 50,000
Associate Media Director:	$40,000 - 75,000
Group Media Director (at a major agency):	$75,000 - 100,000
Media Director (small agency):	$40,000 - 75,000
Media Director (large agency):	$75,000 - 150,000
Big-name talent at media director or head of department level:	$200,000 - 400,000

Source: M&MD survey of media management and executive recruiters.
** Buyers salaries plateau internally, but can jump in large increments through job changes. Upper range is $100,000 for a non-department head at a major agency.*

control and profit responsibility in 1979. R.L. Sachs Management Consultants president Raymond Sachs, who authored that section, updates those figures today at 5% for media, spread among far fewer people (thanks to computers, et al). Account management now receives 12% and creative, 11%. Since salaries represent the primary expense of each department, Sachs says this indicates a gain in media department compensation. Moreover, he notes that as agencies grow in size, so does the media department's share of gross income.

"As an agency grows, account group and creative percentages seem to decrease, but the one percentage that seems to increase is media," says Sachs. "Among the largest agencies, media is about 6.4% of gross income. Going down to agencies $150 million-$200 million it is about 6.3%, and for agencies at $20 million-$40 million, it is only 5.6%."

While these numbers indicate that a greater share of agency resources are being sent media's way, in general, media still suffers in the eyes of those who have to make those allocations work. "It's criminal what media department salaries are, relative to the kind of work we are asking people to do," says Backer Spielvogel Bates senior vice president and group media director Ann Meschery. "We're all talking about how much more complicated media is and how much more professional media people have to be to deal with this complex environment, but how can media management retain quality media people when we pay them such crappy salaries?"

"It's a holdover," admits Meschery's boss, BSB vice chairman and director of media services Steve Leff. "It's almost a historical circumstance that arose around the fact that media was the least understood function by agency management and clients." Leff sees that mindset changing as "the relationships between marketing and media have been extended and extolled."

Leo Burnett historically has started media and AE trainees at the same level. In fact, its AEs must first go through its media-training program. The agency claims that its entry-level media salaries are 50% greater than the industry norm, which puts them in the $21,000-$30,000 range.

Happily, other shops are following their lead. Simmy Sussman, president of the executive recruiting firm that bears her name, says that most big agencies recently raised their starting salaries 15%-20%. Among them:

- J. Walter Thompson recently brought its entry-level media salaries in line with account services, but only when all other factors, including education and previous work experience, are equal.
- At Lintas, "effective March 1, I raised my starting pay to $18,000 a year from $15,000, which is far higher than the 4As average," discloses Lintas executive vice president and director of media services Lou Schultze. "We have a program every six months where there is an automatic raise for entry-level people following a performance review. So at the end of two years, the worst they will be making is $26,000."
- And at Young & Rubicam, "I've raised the entry-level considerably," claims the agency's executive vice president and director of communications services, Gary Pranzo. "There's still a great disparity, but at least I'm getting them to the point where they're making liveable salaries, which they weren't a couple of years ago." Y&R now pays $17,000 to start, up from $15,000.

Sussman points out that some of these numbers can be "deceptive," because, as in the case with Y&R, they eliminated overtime pay to accomodate it. But, ultimately, she says the elimination of overtime is a positive for the industry, because it makes young media executives feel more like professionals than wage-earners.

It also by-passes a tricky compensation issue. "Let's say they brought in a planner and paid them $14,000. And then they paid them overtime of about $3,000-$4,000, so they're really making about $18,000." The problem, she says, is that when some agencies would promote their assistant planners to planners, they would lose their overtime and "you would have assistant planners making more than planners, because of the overtime."

Despite any gains, media managers say it is the discrepancy between media and account services entry-level credentials that accounts for the continuing differences in their starting salaries. "In most instances, you have entry-level people in the media department with a baccalaureate degree and entry-level people in account management tend to have masters degrees," explains Joe Ostrow, executive vice president and corporate media director of Foote, Cone & Belding. He adds that this starting differential is offset by faster rates of growth in media. "People move up faster, and the compensation level grows a lot more quickly, both in absolute and proportionate terms," he adds.

"Media professionals tend to have a lad-

The 1980's: Average Salary Growth by Title 1981 vs. 1989

MEDIA:
Planner: 99.2%
Buyer: 107.8%
Media Director: 495.5%

ACCOUNT SERVICES:
Assistant Account Executive: 60.7%
Account Executive: 93.7%
Head of Account Management: 233.3%

CREATIVE:
Copywriter: 193.5%
Art Director: 151.8%
Head of Creative: 328%

Source: A.S.M Communications Inc.

Distribution of Gross Agency Income by Department:

	1979	1989
Account Service:	14%	12%
Creative:	14%	11%
Media:	**4%**	**5%**
Broadcast Production:	2%	3%
Research:	1%	1%

Source: R.L. Sachs Management Consultants Inc., Minneapolis

Young hot-shots are pushing media pay well into six figures, and some veterans are earning upwards of $400,000 a year.

Paying the dues: Y&R eliminated overtime but raised beginning salaries.

Entry-level media salaries lag those of account service trainees by two years, but AEs usually come into their jobs with two years more schooling.

der with fairly short rungs," concurs Hill, Holliday, Connors, Cosmopoulos executive vice president and managing director Felice Kincannon. "You go from assistant planner to planner in six months. And then six months later, there is another step."

Consequently, media management looks on this initial period as a form of apprenticeship whereby young media recruits prove their mettle and are rewarded as they grow. The system makes good sense when you consider the amount of basic training media requires just to become conversant in media math and research. As a result, executive recruiters who place agency media executives say media recruits generally lag account executives in compensation by about two years, or about the amount of time it would take to earn a masters degree.

"If you look at somebody who is hired into account management from day one, they're going to be ahead right down the line," explains Career Projections president Kurt O'Hare, a recruiter, noting that agencies will pay up "into the upper $30s" for MBAs going into account management. "If you pick it up from the point where the media person could go into account management, then it seems comparable. The entry-level for an assistant AE position with media experience tends to pay between $23,000 and $28,000 as a rule. And if you're coming into media with 18 months or two years in the business, that's certainly what you are going to get by going to another shop."

That's a common tactic among those who've paid the dues. Agency media pros say salaries can be accelerated even more rapidly by "moving around. You'll never make a lot of money in this business, but if you change jobs a lot, you can make a decent salary," says a media supervisor at major agency who asked not to be identified. "If you stay in the same place for years, you're probably not going to do so well."

Who will and who won't depends on the corporate culture of their agency and the regard they have for media. Homegrown planners at Ogilvy & Mather reportedly can earn in the high $40s, while supervisors at BBDO can earn well into the $50s. Still, many see their career paths better served by strategic moves from agency to agency and, occasionally, *out* of an agency. Buying services, for instance, typically pay 15%-20% higher wages for comparably experienced media professionals. They often provide other forms of incentive compensation tied to their performance.

Others move to the media sales side, where salaries can grow in leaps and bounds. This career strategy is particularly common with agency media buyers, who tend to have less mobility than planners. "There are fewer levels to go through in buying, so you can rise more quickly than in planning, but it is so specialized that you tend to have less mobility," says the head of an agency buying group, who asked not to be identified. She adds that this lack of internal mobility often requires a move to another agency or media sales to break up "salary gridlock. You may hit a point where you're making about $60,000, and then it's very hard to move up."

While management appears to be getting their hands around the sensitive issue of compensation for planners and buyers, others are looking at closing the gap totally with other departments. This, they say, would be consistent with trends about the increasingly strategic role media is playing in the marketing mix. HHCC's Kincannon began such a program several years ago by incorporating non-traditional media functions, such as sales promotion and direct marketing, into her media department. As a result, she says, "Our media people are as much in the face of clients as the account people are."

DDB Needham, meanwhile, is marketing a new planning concept to clients that chairman Keith Reinhard has dubbed "personal media network." Although the concept has met with spotty acceptance from clients, it seeks to elevate the role that media plays in the account planning process by moving it ahead of creative. "Some of us have begun aggressively promoting the media function as our other creative department to help clients understand how strategic planning and the creative use of media can really bring them greater impact."

Will such thinking lead media people into the rarified ranks of the young, rich legends in other agency departments? Hardly. But the planner or buyer who once went unheralded may finally get paid his or her due. And then, who knows? ■

John Stuart

SEX & LIE

by Greg Clarkin

For buyers, the sex of cable starts with the price. The lies are some of the hype that promise more than can be delivered. And somewhere in between lie the reasons big spenders are spending bigger than ever in cable — at the other media's expense. Here are some of those reasons.

It's August of 1989 and Steve Kubinski of the Nestle Food Corporation has just issued a challenge to the four ad agencies handling the company's accounts: Find innovative ways to use cable to justify a reallocation of tv dollars there. The short-term goal is to increase the company's spending on cable until it reaches almost 25% of Nestle's entire ad budget during the next two years. Long term, he hopes to increase the efficiency and effectiveness of Nestle's spending by making cable a more dominant player in the overall mix.

That's just the kind of move that puts a chill in the hearts of non-cable media executives everywhere, particularly in broadcast tv. It is also the thinking that is keeping the flame under cable's ad growth. Nestle is just one of a host of advertisers — add Anheuser-Busch, Procter & Gamble, General Mills, Bristol-Myers Squibb and General Motors, among others, to the list — that continued to dramatically increase cable spending in 1989 despite foregone conclusions regarding reregulation and the plateauing of penetration growth.

Of the 114 parent companies tracked among this year's top 20 ad agencies' clients (see pg. 65), 55 increased their spending in 1989 by more than 20%. As for 1990, industry sources expect investments in cable to continue to outpace the other media.

At the agencies, meanwhile, planners and buyers have abandoned any perceptions of cable as an alternative medium. They instead are fine-tuning their tv thinking to determine the most effective mix of cable and broadcast. And it's cable that often gets a bigger share of the mix.

Betsy Frank, senior vice president and director of television information and new media with Saatchi & Saatchi Advertising, admits that her agency has made an effort to recommend more cable advertising in its clients' recent plans. Her motivation? "We take into account facts such as network television under-delivers in cable households, yet cable households tend to be better prospects for most of our clients' brands," Frank says.

Concerns about audience erosion, declining program quality and ever-increasing ad rates on broadcast have dramatically closed the psychological gap between the two tv options. "It's the only situation in the world where you can have your product quality diminish and your prices go up," George Hayes, senior vice president and director of media planning at McCann-Erickson Worldwide, says of network broadcast buys.

Price continues to play a big part in cable's seduction of tv buyers, both at clients and agencies. For example, an eight-spot package of 30-second units airing on the original movies on Turner Network Television (TNT) goes for $36,000, while a single 30-second spot for a top-rated show such as ABC's *Roseanne* runs near $300,000.

Less clear is how much of the increased use of cable is directly related to cable's efforts to move to the next tier in its growth plan. Cable has long boasted of its ability to deliver the most targeted of audiences. Now the medium is attempting to move beyond that with programing aimed at attracting broader audiences.

As simple as it sounds, some believe cable's hot streak with advertisers is due partly to the fact that clients and the public alike are more comfortable with it. "Advertisers are familiar with cable not only as advertisers, but as viewers," says Michael Drexler, executive vice president and national media director at Bozell Inc. That familiarity takes the perceived risk out of the buy. It's all national tv — much to the broadcast networks'

Cable in Context

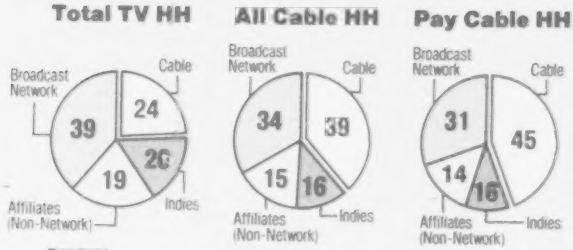
November 1989

Cable Penetration
57.8%

National Cable Ad Revenues (000)

1987 – $607,192,277
1988 – $752,569,768
1989 – $955,958,900

Sources:
A.C. Nielsen; Arbitron's Broadcast Advertisers Reports



	Total TV HH	All Cable HH	Pay Cable HH
Broadcast Network Affiliates			
Network Dayparts			
Primetime	17%	14%	13%
Daytime	11	10	9
Early Morning	2	2	2
Late Night	3	3	3
Weekend Morning	2	2	2
Weekend Day	4	3	2
Total	39	34	31
Non-Network Dayparts	19	15	14
Total Affiliates	58	49	45
Cable			
Basic	17	28	27
Pay	7	11	18
Total	24	39	45
Independents			
Local	14	9	10
Distant	2	2	2
Superstations	4	5	4
Total	20	16	16
Public			
Total	3	3	2

Source: CAB based on NTI Monthly Cable Status Report broadcast/cable year 1988/89 (all non-network dayparts reflect total 24-hour viewing less all network dayparts.)

Cable numbers show increased penetration, more national ad dollars and growing viewership.

dismay.

"You have to acknowledge the fact that a good portion of the money will come from network broadcast, where the bulk of the dollars are for national television," Drexler says. In fact, all of the agencies in this year's Cable Ad Scorecard say they automatically consider cable in the tv mix for every client they place in national tv.

Drexler also points out, "What we're finding is that there are advertisers who have been in national magazines who are now saying they'd like to be a little more aggressive. They are trying to find a way to use television with a limited budget, so some of the money is coming from national magazines" to fund cable efforts.

For both clients and agencies, determining just how much of the overall budget should be allocated to cable depends on what is being sold. "We treat cable as television," says Lon Bencini, director of media services at General Mills. "But we have brands that are 100% cable, brands that are 50% cable, and brands that only spend 5% against cable."

Bencini says General Mills evaluates the cable ratings with DDB Needham in Chicago and bases the increases in cable spending on those numbers. He adds that based in large part on those numbers, brands at General Mills "across the board" have benefitted from putting more ad money into cable.

Peggy Kelly, director of media programing services at Bristol-Myers Squibb, says the shares allocated to cable on her accounts vary widely.

According to Leading National Advertisers (LNA), for the first nine months of 1989, Bristol-Myers Squibb spent a low of $700 on cable advertising for its Excedrin Extra Strength Tablets to a high of $1.3 million for its Nuprin Pain Relief Formula Tablets.

Kelly says that company's increase in cable spending is due to a number of factors. "It's a combination of an increase in ratings, increase in penetration and an increase in the quality of the programing. It's just the general increase in the viability of cable in all aspects," she says.

The increase in cable spending has affected all of the brands at the company, Kelly said. "It's not a passive shift; it's a definite shift on our part. We believe the medium is exciting and growing and that there's a lot of growth potential there," she says.

The company's basic strategy, which is similar to what Kubinski at Nestle has mandated, has been to build "franchise" positions with various cable entities and secure programing, as well as price protection over the long haul. They practice what they preach: The company has been a backer of cable advertising for years and was even a charter advertiser on the Cable News Network when it launched 10 years ago. "We're seeing the advantages of taking these franchise deals," Kelly says.

The process of recommending where to buy on cable has changed in recent years, Frank says. "In the past, when the information we had on cable was limited, we were more likely to buy a certain daypart or run a schedule," she says. "Once people meters started being used and we've had better and more timely reports, we've been able to look at program-by-program information, not just in terms of age and sex, but also income, family size and other market descriptions."

DDB Needham Worldwide in Chicago offers clients use of its SmartMix formula which analyzes varying percentages of broadcast and cable buys based on dayparts. SmartMix was originally completed in the mid-1980s and has been updated since, says David Drake, senior vice president and associate director of the company's media department.

"Essentially what SmartMix proved to us was that with much higher percent mixes

of cable and broadcast, you really had no loss in reach," Drake notes. "What we found out was that on a typical schedule for daytime television you could substitute as much as 50% of the broadcast weight with cable." Drake says that the study proved that once signed on to a cable service, consumers tune into programing, regardless of how it's delivered.

Drake says DDB/Chicago's theory is to "roadblock" the major cable networks. "Our approach to buying cable tends not to be in the cherrypicking of a network. We tend to buy a broad list of networks. By buying all of them at one time, what you're buying is a share of audience for a commercial that's as high as you could buy on any given broadcast network," Drake says.

Others making the buying decisions as to where to advertise on cable say that while they do offer guidelines on how much and where to buy, they're hesitant about calling them formulas. Rather, they look at each buy on a case-by-case basis.

"There's a number of factors that we take into account when we're allocating money for cable. One of them is cost, another is audience size, another is audience appeal and another is the programing environment and reach potential," says Bob Bolte, director of media services at The Clorox Company. Arbitron reports that Clorox upped its cable expenditures slightly in 1989 to $10.5 million.

One area that has begun to catch advertisers' attention is the original cable programing. While there's no arguing that much of the cable programing is still nothing but fodder, there is agreement that an effort is being made to offer higher quality movies and shows. The Entertainment and Sports Programming Network (ESPN) is offering a full slate of the top professional sports, including major-league baseball, and both TNT and the USA Network are offering original movies.

"The fact that some of the made-for-cable movies on TNT or the USA Network can get maybe not network size ratings, but certainly syndication size ratings, and then have the daily papers review them as if they were airing on ABC, CBS and NBC, is helping a lot of clients feel more comfortable about cable," Frank says.

Still, Drexler points out that it's time for cable to produce not just better programs, but bigger ratings. The original movies airing on the USA Network pull an average rating in the four-to-five-point range, while a hit such as *Roseanne* usually averages in the mid-20s. "A lot of what cable gains from the advertising side now will be due to its ability to generate higher ratings than it's been able to achieve," he says.

"There's a self-fullfilling prophecy at work here," responds Farrell Reynolds, president of Turner Broadcasting Sales. "As cable enjoys more ad support and more revenue, it's able to go out and invest that money in programing, which translates to more viewers. With those additional viewers, we're able to attract even more ad revenue to put into programing." ■

Cable and McCann: One Agency's Plan

At McCann-Erickson, broadcast television shows are rated as either acceptable, average or unacceptable based on their ability to draw a certain target audience. Each show is then indexed based on its audience composition. Cable, however, is another story.

Ann McGlinn, a media planner, says McCann doesn't index cable shows mainly because there are so many of them. Instead, McCann evaluates the specific cable networks as to what type of audience their programing can be counted on to draw. The amount targeted for cable is arrived at through input from the buying group, the planning group and the client. George Hayes, senior vice president and director of media planning at McCann, says the figure is based on judgment of where the target audience is, CPM goals and whatever cable ratings numbers are available. Once those numbers are settled on, the planning group has a better idea of how big a part cable should play in the overall plan.

Another consideration in determining cable spending is whether the target audience is better reached through cable programing than broadcast. There are no set percentages allocated when calculating this, she says; it varies on a case-by-case basis.

Numbers, instinct and the clients guide Pattison (left) and McGlinn.

Andy French

Once a specific network is chosen and a dollar figure decided on, either the media buyer or the client selects what shows to use. Jan Pattison, vice president, group network supervisor at McCann, says that there's "never a blanket answer as to where to place a commercial." Among the considerations are psychographics, demographics, CPMs and extras, such as special segments, vignettes and billboards. "It's almost like making a big pot of stew — you don't put just beef in " she says.

Each cable program is also evaluated to ensure that the commercial blends in with the show. "You wouldn't put a humorous commercial in a show that deals with nuclear proliferation or starvation in Africa," she says. As for matching product and the commercial style to age group, Pattison says, "If it's a humorous campaign and it's aimed at a young audience, then there's the MTVs of the world, as well as Nick At Nite. If there's a male requirement, then there's ESPN." For a brand that is targeting an older crowd, with a more serious campaign, Pattison says for the males you can again rely on ESPN or any other sports programing. For women, there's always the Lifetime network, which delivers the audience but low ratings. Also bringing in an older audience is Arts & Entertainment network, along with *National Geographic* on TBS and Turner's Jacques Cousteau programing. ■

Cable Ad SCORECARD

1 SAATCHI & SAATCHI ADVERTISING

Allen Banks, Executive vice president, director of marketing services

Clients placed on national cable:
Boehringer-Ingelheim
Burger King
California Almond Growers
Campbell's V-8
Conrays
CPC
Florida Dept. of Citrus
General Mills
HBO Video
Helene Curtis
Kikkoman
Lexus
Johnson & Johnson
Northwest
PaineWebber
Philips
Procter & Gamble
Sara Lee (Hanes, L'eggs, Aris Isotoner, Isotoner Panty Hose)
Squibb
Teleline
Thompson Medical
Toyota
Tyson
Upjohn
Yamaha

Networks used:
A&E, BET, CNN, CNN-HN, TDC, ESPN, FAM, FNN, Lifetime, MTV, Movietime, Nick, Nick-at-Nite, TNN, USA, VH-1, WTBS

Percent of tv billings in cable: 4.6%
1989 billings: $62.7 million
Projected 1990: $78.4 million

2 LINTAS:CAMPBELL-EWALD

Suzanne Shawn, Vice president, network/new technologies

Clients placed on national cable:
Bridgestone
Carnation
DBM
General Motors
Howard Johnson's
IBM
Kodak/Sterling
Lego
Mastercard
Molson
Noxell
Princess
Van Heusen

Networks used:
A&E, CBN, CNN, CNNHN, ESPN, FAM, FNN, MTV, Nickelodeon, TBS, TDC, TNN, TWC, USA

Percent of tv billings in cable: approximately 10%
1989 billings: $60.3 million
Projected 1990: $65 million

3 FOOTE, CONE & BELDING

Jim Cunningham, Vice president, associate national broadcast director

Clients placed on national cable:
Amana
Cadbury Beverages
California Raisins
Celestial Seasonings
Clorox
Colgate
Coors
Epson
Holland America Line
H.I.S. Jeans
Kraft
Lennox
Levi's
Marriott
Mattel
Mazda
MCA Home Video
Memories
Orion
Ray-O-Vac
RJR Nabisco
S.C. Johnson
Sunkist Growers
Teledyne Water Pik
Toshiba
Zenith

Networks used:
A&E, BET, CBN, CNN, CNNHN, Comedy Channel, ESPN, FNN, Lifetime, Movietime, MTV, Nickelodeon, Nick at Nite, Sports Channel, TBS, TDC, TNN, TNT, Travel Channel, TWC, USA, VH-1

Percent of tv billings in cable: 6%
1989 billings: $57 million
Projected 1990: $60 million

Key to the Networks

A&E: Hearst/ABC Video Enterprise Alpha Repertory Television Service. Cultural programing.
BET: Black Entertainment Television. Black-oriented shows.
CNBC: Consumer News and Business Channels. Business, market and financial news.
CNN: Cable News Network. Ted Turner's all-news.
CNNHN: Cable News Network Headline News service.
COMEDY CHANNEL: Comedy sketches, movies and tv shows are featured.
DISCOVERY: See TDC.
ESPN: Entertainment and Sports Programing Network. Sports plus *Business Times*.
FAM: The Family Channel. General interest.
FNN: Financial News Network.
FNN Scores: Evening sports on Financial News Network.
HTS: Home Team Sports. A regional sport network.
LEARNING CHANNEL: Educational and business programming.
LIFETIME: Women's service from Hearst/ABC/Viacom Entertainment Services.
MOVIETIME: All things Hollywood, 24 hours a day.
MSG: Madison Square Garden Sports.
MSN: Modern Satellite Network. *Home Shopping Show.*
MTV: Viacom's 24-hour rock-music channel.
NICK AT NITE: Family evening fare from Nickelodeon.
NICKELODEON: Viacom's kids channel.
SILENT: Sign-Language Entertainment. Programing for the hearing impaired in sign language, open captions and full sound.
SNN: Sports News Network. All sports, all news, all day.
SPORTS CHANNEL: Sports programing, 24 hours a day.
TDC: The Discovery Channel. Science, nature, history and exploration.
TNN: The Nashville Network. Country/Western.
TNT: Turner Network Television. General.
TWC: The Weather Channel from Landmark Comms.
UNIVISION: Spanish-language programing.
USA: USA Cable Network. General.
VH-1: Video Hits One. Adult music videos from Viacom.
WGN: Passive superstation from Chicago.
WOR: Passive superstation from New York.
WTBS: Ted Turner's WTBS-TV, Atlanta, superstation.

4 DDB NEEDHAM WORLDWIDE

New York:
Bari McHugh, Senior vice president, director of national radio/television programing
Chicago:
Daniel Rank, Vice president, director of national television and radio

Clients placed on national cable:
Amtrak
Audi
Colombian Coffee
Frigidaire
Frito-Lay
General Mills
GTE
H.J. Heinz
Hershey
Maybelline
Michelin
Mobil
National Dairy Board
Rubbermaid
State Farm Insurance
Universal Pictures
Volkswagon

Networks used:
A&E, BET, CBN, CNBC, CNN, CNNHN, The Comedy Channel, Discovery, Family Channel, FNN, FNN Score, The Learning Channel, Lifetime, Movietime, MTV, Nickelodeon, Nick at Nite, TBS, TDC, TNN, TWC, The Travel Channel, USA, VH-1, WGN

Percent of tv billings in cable: 20%-22%
1989 billings: $56 million
Projected 1990: $66 million

5 D'ARCY MASIUS BENTON & BOWLES

Irwin Gotlieb, Senior vice president, national broadcast & programing director

Clients placed on national cable:
Brown Shoe
Conagra
Corning
Denny's
Dow Chemical
Kraft General Foods
Hampton Inns
Mars
NBC
Paramount Pictures
Procter & Gamble
UDIA
Whirlpool

Networks used:
A&E, BET, CNBC, CNN, CNNHN, Discovery, ESPN, The Family Channel, Lifetime, MTV, Nickelodeon, Nick at Nite, TBS, TNN, TNT, Univision, USA, VH-1

Percent of tv billings in cable: 6%
1989 billings: $45 million
Projected 1990: $65 million

6 GREY ADVERTISING

Jon Mandel, Senior vice president, director, national broadcast

Clients placed on national cable:
Block
Capital Cities/ABC
Canon USA Inc.
Color Tile
Creamette
Fruit of the Loom
General Foods
JRAP
Kenner
Mitsubishi
National Dairy Board
Olin
Panasonic
P&G
Playtex
Quaker State
Red Lobster
Remington
Stroh
SmithKline/ Beecham
Swift-Eckrich
Thompson Medical
Tonka
Upjohn
U.S. Mint
Warner Bros.
Warner Bros. Television
Warner Home Video

Networks used:
A&E, BET, CBN, CNN, CSM, Discovery, ESPN, FNN, Lifetime, Movietime, MTV, Nickelodeon, SIN, Sports Channel, TBS, TNN, TNT, TWC, USA, VH-1

Percent of tv billings in cable: 9%
1989 billings: $38.9 million
Projected 1990: $42 million

7 J. WALTER THOMPSON

Richard Kostyra, Executive vice president, U.S. director of media services

Clients placed on national cable:
American Hawaii Cruise Lines
Benetton
Robert Bosch Corp.
Eastman Kodak
Fisher Price
Ford
Gerber
Goodyear
McDonnell-Douglas
Mexicana Air
Monroe Auto
N.W. Mutual
Nestle
Norfolk Southern
Orkin
Oscar Mayer
Paramount Home Video
Quaker Oats
Sterling Drug
20th Century Fox
U.S. Marine Corps.
U.S. Sprint
Walker Manufacturing
Warner Lambert

Networks used:
A&E, BET, CBN, CNBC, CNN, CNNHN, Comedy Channel, Discovery Channel, ESPN, FNN, HBO, Lifetime, MTV, Nick at Night, Nickelodeon, TNN, TNT, Travel Channel, USA, VH-1, WGN, WTBS, Weather Channel

Percent of tv billings in cable: 6%-7%
1989 billings: $35 million
Projected 1990: $40 million

8 McCANN-ERICKSON

Ira Carlin, Executive vice president, national media director

Clients placed on national cable:
Alaska Seafood Marketing Institute
Alaska Tourism
Atlanta Convention & Visitors Bureau
AT&T
Black & Decker
California Milk Advisory Board
Century 21
Champion/Anco
Chevron
Coca-Cola
Columbia Pictures Entertainment
Cosmair
Diversified Products
Exxon
General Motors
Georgia Pacific
Hilton Hotels
Martini & Rossi
Mennen
National Dairy Board
Nestle
Nintendo
Viadent
Washington State Apple
WD-40
Well Fargo Bank

Networks used:
A&E, BET, CBN, CNBC, CNN, Discovery, ESPN, FNN, Lifetime, Movietime, MTV, Nick at Nite, Nickelodeon, TBS, TDC, TNN, TNT, Travel Channel, TWC, USA, VH-1

Percent of tv billings in cable: 6%
1989 billings: $30.4 million
Projected 1990: $35 million

9 BBDO

Stephen Grubbs, Senior vice president, director of national tv buying

Clients placed on national cable:
Apple computers
Campbell Soup
Centel Corp.
Coldwell Banker
Delta
Dodge
Du Pont
Equitable
General Electric
HBO
Kemper
Navy
Lever Bros.
Pepsi
Pizza Hut
Polaroid
U.S. Navy
Visa
Wm. Wrigley Jr.

Networks used:
A&E, BET, CBN, CNN, ESPN, FNN, Lifetime, Movietime, MTV, Nick at Nite, TBS, TDC, TNN, TWC, USA, VH-1

Percent of tv billings in cable: 10%
1989 billings: $30 million
Projected 1990: $33 million

10 OGILVY & MATHER

Larry Cole, Senior vice president, US media director

Clients placed on national cable:
American Express
AT&T
Campbell Soup
Compaq
Cotton
Duracell
General Foods
Hardees
Hershey
Kimberly-Clark
Mattel
MCA Records
Nutrasweet
Owens Corning
Paramount
Publishers Clearing House
Ryder
Sandoz
Seagrams Wine Cooler
Sears
Shell
Smith Barney
United Technologies

Networks used:
A&E, BET, CBN, CNN, CNNHN, ESPN, FNN, Lifetime, MTV, Nickelodeon, Nick at Nite, Silent, TBS, TDC, TNN, TNT, TWC, USA, VH-1

Percent of tv billings in cable: 4.5%
1989 billings: $28 million
Projected 1990: $40 million

11 N W AYER

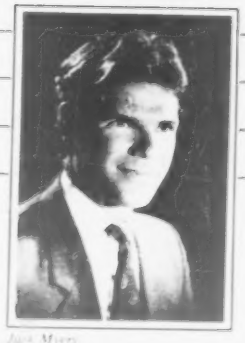
Aaron Cohen, Senior vice president, director of national broadcast programing

Clients placed on national cable:
AT&T
C.B. Fleet
Citicorp
Continental Airlines
DeBeers
Dupont
Gallo
General Motors
J.C. Penney
Nordica
Procter & Gamble

Networks used:
A&E, BET, CNBC, CNN, C-Span, Discovery, ESPN, The Family Channel, FNN, Lifetime, MTV, Nick at Nite, TBS, TNN, TNT, TWC, USA, VH-1

Percent of tv billings in cable: 5%-10%
1989 billings: $27.7 million
Projected 1990: $30.5 million

THE MYERS REPORT



Jack Myers

Don't leave your office without it!

Intelligence: your most important tool for successful new business development.

Our proprietary research on the opinions and perceptions of advertising and marketing executives provides actionable intelligence for many of the world's largest media and advertising companies.

For surveys, personal interviews, focus groups and strategic counsel, call...

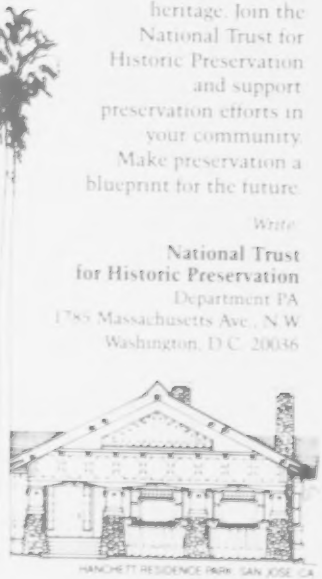
MYERS MARKETING & RESEARCH
The Intelligence Source

322 Route 46 West, Parsippany, NJ 07054
201/808-7333 Fax: 201/882-3651

PRESERVATION PLAN ON IT

Planning on restoring a house, saving a landmark, reviving your neighborhood? Gain a wealth of experience and help preserve our historic and architectural heritage. Join the National Trust for Historic Preservation and support preservation efforts in your community. Make preservation a blueprint for the future.

Write:
National Trust for Historic Preservation
Department PA
1785 Massachusetts Ave., N.W.
Washington, D.C. 20036



HANCHETT RESIDENCE PARK, SAN JOSE, CA

12 YOUNG & RUBICAM

Paul Isacsson, Executive vice president, broadcast programing and purchasing

Clients placed on national cable:
Adidas
AT&T
Arthur Andersen
Borden
Brach's Candy
Chevron
CIBA-Geigy
Clorox
Colgate-Palmolive
Dannon
Dr Pepper
Du Pont
First Brands
Goodyear
Heublein
Hillshire Farms
Holiday Inn
Jamaica Tourist Bureau
Jenn-Air
Johnson & Johnson
Kentucky Fried Chicken
Kodak
Lincoln-Mercury Division
Mead
Met Life
Mylanta
NYNEX
Olympic Stain/Paint
Revlon
Richardson-Vicks
Sun Diamond
Suzuki
TWA
UNISYS
U.S. Army
U.S. Postal Service
Warner-Lambert

Networks used:
A&E, BET, CBN, CNBC, CNN, CNNHN, C-Span, ESPN, FNN, Lifetime, MTV, Nickelodeon, Sports Channel, TBS, TDC, TNN, TWC, Univision, USA, VH-1

Percent of tv billings in cable: 10%
1989 billings: $27.5 million
Projected 1990: $38 million

13 BACKER SPIELVOGEL BATES

William P. Crowdale, Senior vice president, director radio/television programing

Clients placed on national cable:
Carter Wallace
CBS
Castle & Cooke
Hyundai
KalKan
M&M Mars
Miller Brewing
Philips Consumer Electronics
The Prudential
Prudential Bache
Quaker Oats
Uncle Ben's
Wendy's
Xerox

Networks used:
A&E, CBN, CNN, Discovery, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TNN, TNT, TWC, USA

Percent of tv billings in cable: 4.5%
1989 billings: $21.4 million
Projected 1990: $25.6 million

14 LEO BURNETT

Bob Brennan, Vice president, media director

Clients placed on national cable:
Allstate
Amurol
BASF
Black & Decker
Clarion
First Brands
Heinz
Kellogg
Kraft
McDonald's
Mrs. Smith Pies
Noxell
Oldsmobile
Pillsbury
Procter & Gamble
Richardson-Vicks
Samsonite
Seven Up USA
Starkist
Tropicana
United Airlines

Networks used:
A&E, BET, CBN, CNN, CNNHN, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TDC, TNN, TWC, USA, VH-1

Percent of tv billings in cable: 4%
1989 billings: $21 million
Projected 1990: $25-30 million

15 CAMPBELL-MITHUN-ESTY

Media directors left to right: Chuck Abrams, Earl Herzog, Ric Paschke, Tom Winner

Clients placed on national cable:
Aer Lingus
Andersen
Campbell Hausfeld
Chrysler
Corona
Kimberly-Clark
Minolta
Texaco
3M
Trane
The Travelers

Networks used:
A&E, CNBC, CNN, ESPN, Discovery, Family, FNN, Lifetime, Nick at Nite, SNN, SportsChannel, TBS, TNN, TNT, TWC, USA, VH-1

Percent of tv billings in cable: 4%
1989 billings: $21 million
Projected 1990: $22 million

16 BOZELL

Bruce Heim, Vice president, director, network operations

Clients placed on national cable:
Ace Hardware
American Airlines
Benckiser
Chrysler Corporate
Chrysler, Dodge Import, Plymouth
Faberge
Kawasaki
Long John Silver
Lorimar
Merrill Lynch
Minolta
National Presto
Sega of America
Valvoline
Vice-Grip Tools
Warner Bros

Networks used:
A&E, CBN, CNN, ESPN, FNN, Lifetime, MTV, Nickelodeon, TBS, TDC, TNN, TWC, USA, VH-1

Percent of tv billings in cable: 18%-20%
1989 billings: $17.6 million
Projected 1990: $19.8 million

17 WARWICK, BAKER & FIORE INC.

John J. Meskil, Executive vice president, media

Clients placed on national cable:
Benjamin Moore
CPC International
Crafted with Pride in the USA Council
Fruit of the Loom Inc. (BVD)
Heineken
Schering-Plough
Sterling Drug
Van Munsling Co.

Networks used:
A&E, CNN, CNNHN, Discovery, ESPN, Family Channel, Lifetime, MTV, TBS, TNN, TWC, USA

Percent of tv billings in cable: 18%
1989 billings: $10.2 million
Projected 1990: $12 million

18 CHIAT/DAY/MOJO

Annette Cerbone, Vice president, director of national television/ radio

Clients placed on national cable:
American Express Gold Card
Arrow Shirts
Australian Tourist Commission
Bissel
Dep
Mitsubishi Electronics
New York Life
Nissan Motor Corp.
Qantas
Reebok
Royal Caribbean Cruise Line
Kitchens of Sara Lee
3M

Networks used:
A&E, CNN, Discovery, ESPN, Lifetime, MTV, Nickelodeon, TBS, TNT, USA, VH-1

Percent of tv billings in cable: 9%
1989 billings: $9 million
Projected 1990: $12 million

19 LOWE MARSCHALK

Estie Todtman, Vice president, national broadcast

Clients placed on national cable:
Bertolli
Braun (Gillette)
Coca-Cola
DEP
Johnson and Johnson
Mennen
New Zealand Tourist
Olympus
RJR Nabisco

Networks used:
A&E, CNN, ESPN, MTV, Nickelodeon, Lifetime, TBS, TDC, Travel Channel, USA

Percent of tv billings in cable: 7%-10%
1989 billings: $8.1 million
Projected 1990: $8.1 million

20 LAURENCE, CHARLES, FREE & LAWSON

Janice C. Clements, Executive vice president, director of media services

Clients placed on national cable:
EconoLodges
Gorton's
Thompson Medical

Networks used:
A&E, BET, CBN, CNN, ESPN, Lifetime, TDC, TNN, USA, VH-1

Percent of tv billings in cable: 3.5%
1989 billings: $8 million
Projected 1990: $4 million

THE TRACK RECORD
Agency Projected and Actual Billings, 1987-1990

Agency	1987 Projected	1987 Actual	1988 Projected	1988 Actual	1989 Projected	1989 Actual	1990 Projected
Saatchi & Saatchi	$18 million	Saatchi & Saatchi					
DFS Dorland	$19.9	$17 million	$34.4 million	$43.5 million	$57.8 million	$62.7 million	$78.4 million
Campbell-Ewald	$ 8	NL	NL	Lintas: Campbell-Ewald			
Lintas: USA	NL	$ 8.5	$12	$26.9	$30.8	$60.4	$65
Foote, Cone & Belding	$36	$35	$39	$47	$50	$53	$60
DDB Needham	$32	$30.8	$41	$42	$48	$56	$66
D'Arcy, Masius Benton & Bowles	$28.5	$28	$24	$28	$38	$45	$65
Grey	$28	$26.8	$28	$36	$38	$36.9	$42
J. Walter Thompson	$27	$28	$30	$35	$40	$35	$40
McCann-Erickson	$19	$19.5	$19	$20.2	$23.5	$30.8	$35
BBDO	$21	$19	$30	$30	$33	$38	$42
Ogilvy & Mather	$19.4	$21	$25	$25	$30	$34	$40
NW Ayer	$17	$17	$23	$24.1	$26	$27.1	$30.5
Young & Rubicam	$31	$44.3	$44.6	$33.6	$35.3	$27.9	$38
Ted Bates	$20	Bates Worldwide $20.4	$15.5	$15.5	$20.4	$20.4	$25.6
Backer Spielvogel	NL	NL					
Leo Burnett	$17	$15	$15-18	$18.4	$19-20	$21	$25-30
William Esty	$10	$ 9.6	$10.1	Campbell-Mithun-Esty $24.1	$27.7	$21	$22
Campbell-Mithun	NL	NL	NL				
Bozell	$12.5	$12.5	$15	$15.2	$16.6	$17.6	$19.8
Warwick Baker & Fiore Inc.	NL	$ 9	$10	$ 8	$10	$10.2	$12
Chiat Day Mojo	NL	NL	NL	$ 9	$10	$ 9	$12
Lowe Marschalk	NL	NL	NL	$ 8.1	$10.2	$ 8.1	$ 8.1
Laurence, Charles, Free & Lawson	NL	$10	$15	$12	$14	$ 8	$ 4

Source: M&MD surveys, 1988-1990. NL = Not listed.

THE SPENDER SCORECARD

Selective cable spending for 1987, 1988, 1989 (000) for clients of Top 20 agencies.

SPENDER	1987	1988	1989
Ace Hardware	596.8	594.8	573.2
American Telephone & Telegraph	—	7,772.4	6,559.3
American Airlines	809.1	642.8	310.1
Andersen	1.3	113.7	12.3
Ashland Oil Inc.	740.9	40.3	413.5
BASF	371.0	797.2	1,519.3
Benckiser	nl	nl	819.2
Black & Decker	423.7	298.8	647.7
Robert Bosch Corp.	123.2	143.2	328.0
Cadbury Schweppes/ Cadbury beverages	183.9	402.5	252.0
California Raisins	517.7	540.4	803.8
Carter Wallace	302.3	856.8	507.1
Castle & Cooke	188.0	8.2	153.5
CBS	174.6	557.7	1,341.7
Chevron	168.4	3.2	360.4
Chrysler Corporate	6,683.8	9,699.9	11,765.3
Citicorp	395.1	1,779.9	2,155.5
Clorox	6,894.2	10,125.6	10,540.7
Coca-Cola	8,766.0	4,589.0	4,216.9
Colgate Palmolive	341.5	858.1	1,862.3
Conagra	—	—	135.6
Coors	1,283.5	4,326.7	3,512.4
Corning	88.8	102.4	37.6
Cosmair	—	—	157.1
CPC International	2.0	310.3	2,848.5
Crafted with Pride in the USA Council	48.4	155.0	182.7
De Beers	35.6	154.2	274.5*
Diversified Products	—	—	1.5
Dow Chemical	1,326.8	5,766.0	7,606.5
Dupont	1,186.7	1,104.7	1,801.0
Eastman Kodak	2,553.4	11,386.5	10,707.2
Econo Lodge	268.7	19.8	304.3
Electrolux	579.9	1,609.8	1,731.5
Exxon	1,004.4	248.5	1,499.6
Farley Ind.	98.0	1,441.4	1,798.9
First Brands	818.3	195.7	476.6
Ford Motor Co.	—	6,267.1	7,252.9
Gallo E & J Winery	308.3	387.3	212.5
General Electric	389.5	1,290.3	2,322.7
General Mills	18,581.8	20,010.6	21,305.3
General Motors	7,967.5	9,200.8	21,039.2
Georgia Pacific	—	1,273.0	2,317.9
Gerber	261.1	269.4	263.3
Goodyear	307.0	873.5	1,021.8
GTE	492.2	516.4	235.5
Gulf & Western	1,943.1	2,588.7	nl
Heinz HJ Co.	2,127.8	3,241.2	3,789.5
Hershey	2,105.4	2,775.3	3,305.9
Hilton Hotels	569.6	170.3	330.1
Holiday Corp.	1,761.5	951.8	2,576.9
Hyundai	—	479.0	933.2
Interlego/Lego Systems AG ('89) Lego	20.9	38.4	122.5
International Business Machine Corps. (IBM)	472.2	154.3	707.9
International Telephone & Telegraph (ITT)	1,036.8	533.9	1,759.3
Jericho Inc.	463.6	—	725.6
John Hancock	163.6	—	23.1
Johnson S.C. & Sons	877.8	1,925.2	3,168.9
Kawaksi	330.3	1,722.4	1,560.2
Kellogg	4,495.6	4,008.0	4,125.4
Kimberly-Clark	696.2	476.7	438.0
Labatt's Beer	634.0	405.8	199.4
Lennox International Inc.	—	—	174.1
Levi Strauss Assoc. Inc.	3,815.7	7,055.0	9,472.7
Lorimar	415.3	420.2	nl
Marriott	105.8	51.0	1,550.5
Mars Inc.	14,876.6	9,994.7	13,984.3
MasterCard	412.1	710.0	1,666.8
Mattel	2,234.6	1,925.9	4,006.2
Mazda	3,082.6	2,406.9	2,614.5
MCA	3,611.7	3,678.2	4,460.8
McDonald's	1,819.5	1,791.2	7,222.7
McDonnel-Douglas	208.9	107.5	141.2
Mennen	1,354.8	756.9	440.6
Mercedes-Benz of North America	—	—	1,512.5
Merrill-Lynch	293.5	678.8	2,328.8
Metropolitan Life	1,672.6	557.0	1,887.6
Century 21	24.8	34.1	1,046.4
Michelin	558.1	571.7	733.8
Minolta	579.7	817.2	954.8
Mobil	1,247.5	990.3	1,945.2
Molson	—	—	57.0
National Federation/Coffee Growers/Columbia	626.0	176.3	210.8
National Presto	406.6	727.6	804.3
Nestle	3,846.7	5,023.2	514.1
News Corp. LTD	2,508.9	3,513.2	2,610.4
20th Century Fox	964.9	1,849.6	846.5*
Nintendo	1,678.0	1,627.6	2,287.9
Orion	1,303.4	1,932.5	1,724.9
Penney J.C. Co.	2,847.1	2,619.6	1,133.7
Pepsico	3,742.2	4,707.0	9,741.0
Frito-Lay	266.6	522.7	2,401.1
Philip Morris	20,522.2	23,075.1	20,503.6
General Foods	2,058.8	2,197.2	715.9
Kraft General Foods	nl	3,307.9	2,568.0
Miller Brewing	89.6	5,133.1	2,587.2
Oscar Mayer	1,128.9	1,403.8	547.7
Philips NV Gloer-lampenfabreiken	1,723.0	1,282.9	658.8*
Pitney Bowes	700.7	1,528.6	422.9
Prime Motors Inns	187.2	192.3	338.0
Procter & Gamble	23,712.8	30,201.5	37,363.4
The Prudential	3,807.5	3,557.7	4,450.2
Quaker Oats	3,156.1	4,031.9	4,325.8
Ray-O-Vac	215.1	193.6	17.5
RJR Nabisco	14,688.2	14,251.9	14,426.1*
Rollins	535.3	600.0	603.4
Rubbermaid	376.5	2.9	1,324.6
Schering-Plough	2,870.3	6,137.0	6,570.6
Sears	2,327.4	4,650.7	13,344.1
Seven Up USA	828.0	682.1	1,900.1
State Farm Insurance	315.9	518.3	797.7
Sunkist Growers	106.0	77.5	96.7
Teledyne Water Pik	1,347.2	796.2	1,486.7
Tenneco Inc.	51.2	321.8	247.5
Texas Air Corp.	151.5	188.4	334.2
Thompson Medical	8,373.5	7,000.4	6,194.4
Tonka	1,491.4	2,840.7	4,300.0
Travelers Corp. (The Traveler)	879.4	1,933.0	1,065.6
TW Service Inc.	—	84.2	166.5
U.S. Marine Corps.	319.3	553.9	756.1
Vipont	—	404.4	676.3
Volkswagenwerk AG	1,332.2	1,658.0	4,390.9
Wang	64.9	300.0	262.1
Warner Communications	3,001.5	2,740.2	3,113.2*
Warner Lambert	2,122.9	3,340.2	3,895.8
Washington State Apple	—	116.1	209.6
Wellcome Foundation LTD	333.4	975.6	2,008.9
Wells Fargo	352.6	222.1	317.5
Wendy's	143.0	902.4	2,744.1
Whirlpool	4.1	1,276.0	355.5
Xerox	396.1	399.0	55.2
Zenith	195.4	130.6	150.1

* Jan.-Sept. 1989

Source: Arbitron's Broadcast Advertisers Reports

Charged Up

It used to be that walking around with a roll of cash in your pocket meant you were a big shot. But cash lost its cachet as Americans converted to the tempting convenience — interest rates be damned — of credit cards. For years, the untapped potential was so great that the big three — Visa, MasterCard and American Express — could all stay pretty satisfied just acquiring new card holders.

But that's gone the way of the cash roll as a status symbol. There are almost 250 million bank and charge cards in circulation, and most wallets offer a healthy range of choices. "It's not enough to get the card out into people's hands the way it was ten-15 years ago," says Kurt T. Peters, editor of *Credit Card News*. "It's really [a matter of] getting people to use the card, and not just *a* card, but *your* card."

To command user loyalty, the cards are charging onto the battlefield with an array of incentives: purchase protection, extended warranties, cash dividends, even frequent flier miles and donations to your favorite charity. And in a maturing market, the big three are moving onto the ground traditionally held by their competitors. Visa and MasterCard have introduced gold cards, with higher annual fees, while American Express has introduced the Optima card, which charges interest to roll over payments to the following month.

"The marketing strategies between charge cards and bank cards are getting a little bit blurred," says Bill Henneberry, chairman and chief executive officer of Communications Diversified, a full-service promotional marketing company in New York. "Each of the groups is looking at the other as if their grass is greener." Together the big three account for approximately 70% of all charge volume, according to the *Wall Street Journal*. Visa's share of domestic charge volume is estimated at

by Brian Bagot

BRAND REPORT NO. 169

CREDIT CARD EXPENDITURES (000)

JANUARY–SEPTEMBER 1989

	Media Total	BAR Network Television	BAR Spot Television	BAR Cable Television	BAR Syndicated Television	RER Spot Radio	LNA Magazines	MR Newspapers	LNA Sunday Magazines	LNA Outdoor	BAR Network Radio
Visa	$12,522.1	$9,614.4	$983.3	$595.1	—	$216.7	$1,013.0	—	$94.7	$4.9	—
MasterCard	18,159.2	12,493.8	2,775.3	962.4	16.7	26.3	1,346.1	—	484.3	28.3	—
American Express	92,400.4	38,307.2	19,138.8	1,922.4	3,333.9	1,916.7	23,495.6	2,678.4	1,453.4	42.0	112.0
Discover	28,172.5	7,316.3	2,981.4	3,607.9	467.6	166.5	50.9	297.1	—	—	3,451.3
Diners Club	504.9	—	—	25.6	—	—	479.3	—	—	—	—

Sources: Arbitron's Broadcast Advertisers Report (BAR); Leading National Advertisers (LNA); Radio Expenditure Reports (RER); Media Records (MR)

Mike Quon

32%, compared to 21% for MasterCard and 17% for American Express. Discover has carved out a 3% share since its introduction in 1986, and the original charge card, Diner's Club, holds onto its 1% by targeting business travelers.

American Express started the enhancement war in 1987 with its popular purchase protection plan, which insures for 30 days anything purchased with the American Express card. Then it extended its collision coverage on rental cars, a gold-card benefit, to its green card. Visa and MasterCard matched those benefits by introducing extras-laden gold versions of their regular cards, which have had the effect of diluting the image of gold cards.

Once considered a privilege of the super-rich, gold cards have become a mass product. Dave L. Roberts, director of advertising for Visa USA, shifted out of print to network tv for gold cards in 1988. "That's a response to competitive changes in the marketplace," says Roberts. "The gold customer is not the elite, upscale traveler, the top 5% of the country. They're the top third of the country, and those people watch a lot of television."

Offering gold cards with enhancements has helped Visa and MasterCard get a piece of the business and travel market dominated by American Express, according to Joanne Black of Joanne Black & Associates, a New York-based marketing and communications service. The airline cards offering frequent-flier miles "were the first real breakthrough in getting some of the loyal affluent users to use Visa and MasterCard more often. The usage pattern used to be American Express for travel and entertainment, particularly business T&E, and that's being eaten away."

The target audience for the card advertising is quite broad: male and female, aged 18-54. The biggest spender is American Express, which has turned on the heat to advertise its purchase protection plan on the green card. American Express is also the recognized leader in credit-card snob appeal. It gives "privileges" to its cardmembers," who find themselves in the same club with celebrities such as Paul Newman, James Michener and Ella Fitzgerald.

American Express laid out $92.4 million in the first nine months of 1989, compared with $76.4 million for the same period in 1988, according to Leading National Advertisers (LNA). The hike in American Express spending grew the category's advertising to $149.6 million in the first nine months of '89, compared with $132.7 million in the first nine months of 1988.

AmEx's purchase protection plan was the first shot in the enhancement war.

Visa and MasterCard don't actually issue the cards that carry their name, but serve as a cooperative linking service to the issuing banks. Their ad support is much lower than American Express, with Visa spending $12.5 million in the first nine months and MasterCard spending $18.2 million on tv, print and radio campaigns.

But some merchants prefer these cards because the fees are lower and the payments faster, and so they don't accept American Express. Visa has made this the focal point of its advertising, which profiles often glamourous establishments around the world and ends with the line: "They don't take American Express."

MasterCard is taking a more down-home approach with phase two of its "Master the Moment" campaign. Instead of depicting a wild fantasy life filled with jets and casinos, MasterCard's new ads involve real-life situations, such as buying an engagement ring, moving into a first apartment and a proud father dropping his daughter off at college. "These are people who consider themselves honest, hardworking Americans who pay their bills on time," explains Keith Kendrick, senior vice president of marketing for MasterCard. "They need a card in an emergency and use it occasionally for a touch of fun." Welcome to the responsible '90s.

The bank cards' frequent-flier ties changed the way the cards were viewed.

The banks who issue the cards benefit from the blanket support, then add their own efforts. Their marketing used to center on price — low interest rates or no annual fee — but benefits and services are becoming more important. Affinity cards, for example, allow consumers to get benefits for themselves or an organization they favor every time they use their card. For example, The International Fund for Animal Welfare or another worthy organization gets a small percentage of the charges made on a card that bears its name. Consumers can rack up frequent-flier miles by using The American Airlines Advantage card from Citibank. And AT&T is launching its own Visa/MasterCard credit cards, which would combine billing for credit-card calls with regular charges, according to the *Wall Street Journal*.

The affinity cards have two advantages for the issuing bank: They reduce the cost of finding new customers, and they increase usage since the customers have an interest in putting their business on that card. The affinity-card business currently makes up about 6%-7% of the cards out there, according to Henneberry.

Following is a closer look at what the leading bank- and charge-card companies are doing to turn plastic back into cash.

Visa USA

Visa is the leader in the credit-card business, with U.S. card volume hitting $130 billion in 1989, according to *Credit Card News*. With 120 million cards in the U.S. and 200 million worldwide, Visa prides itself on being the most widely used and accepted card. "Our whole thesis is, it's not how long you've had the card that's important, it's where you can use it," says John H. Bennett, senior vice president of consumer marketing for Visa USA.

Consumer advertising positions Visa as a "must have" card by profiling restaurants, hotels and shops around the world that end with the clincher: "They don't take American Express." The theme is carried over into its event marketing, such as its support of the 1988 Olympics and the Super Bowl tickets that could only be purchased with cash, checks or Visa/MasterCard — not American Express.

Visa signed former Beatle Paul McCartney last year to do a commercial that was broadcast in conjunction with his tour. (Tickets could not be purchased with American Express.) Bennett says it's not a celebrity endorsement, but rather a part of its event marketing. "We make the event the hero rather than the person talking about our product," says Bennett. "Consumers can use the Visa card to attend the event, and it helps them have a good time. That's

what we're really saying."

Visa's advertising on its basic "classic" card is aimed at the 25-54 year-old with a household income of $25,000-plus. "The message is really broadly based [for the brand] and broadly communicated," says Bennett. The schedule skews towards a male audience, with tv sports buys that include basketball, skiing, college and NFL football, tennis tournaments, as well as *David Letterman*, *The Tonight Show* and *Nightline*.

Its gold campaign targets the same age group, but with a higher household income of $35,000-plus. Gold gets some of the same buys as the classic, but also goes on shows such as *This Week with David Brinkley*, *60 Minutes* and *NBC News at Sunrise*. "The gold card gets the early, early morning news, Sunday afternoon current events programs and topical news event programming," explains Dave L. Roberts, director of advertising for Visa USA.

Going to a Visa event? Make sure you don't leave your Visa card at home — they will not take AmEx.

Television ad spending for the classic Visa card in the first nine months of 1989 was $2.5 million, while the gold card topped $8.8 million, according to LNA. Classic card ads from BBDO New York run in a wide range of magazines, including *People*, *Newsweek*, *Sports Illustrated*, *Life*, *GQ*, *Vogue* and *House Beautiful*, supported by $1 million in the first nine months. Print spending on the gold card was miniscule.

Visa won a Reggie for its "Our Treat" promotion which ran during the fourth quarter. (See "Sales Promotion," page 81.) Both network and spot radio were used for a five-week campaign in top Visa markets to tune consumers into Visa's "Our Treat" promotion.

Although the big radio spending period was not covered by LNA and RER, spot radio spending during the first three quarters of last year was about $2 million. The radio programing was adult contemporary and nostalgia, according to Roberts. "We found it to be very successful. We had quite a few of the radio stations help with in-market promotions on the air and DJ's visiting shopping centers," Says Roberts. "We got a lot of extra mileage in an effort to get the Visa message closer to the point of sale."

MasterCard

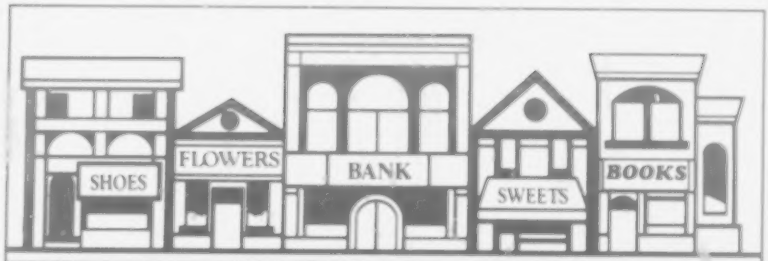
MasterCard has come 180 degrees from traditional credit card advertising, which trades on fantasy. Instead of stars, MasterCard now shows "real people" using the card at landmarks in their life — engagement, moving into a first apartment, sending the kids off to college.

This is in contrast to the other leaders in the business, who create senarios that few can actually live out. "Mainstream is not as much an economic or geographic destination as it is a state of mind, and that's where we've targeted this product," says Kendrick of MasterCard, which had $84 million in charge volume last year. "It's very different than Visa, where a couple jets off to Australia, or the AmEx work with Paul Newman. Not many people live that way."

The thrust of the campaign from Lintas USA is built on the line: "For the way we really live." Illustrating that all too clearly is a new gold card enhancement called Master the Road Assist, which is being touted in print ads. If a gold card holder's car breaks down for whatever reason, MasterCard will dispatch a towing service, at generally below market rates, and usually within 30 minutes, all to be charged on the card. "So you don't have to worry about cash and negotiating with the guy. We've got 5,000 providers under contract coast to coast," says Kendrick.

Television flights for the standard card appear on early news, *Today* show and popular early evening prime-time network programs, while the gold, targeting a slightly older demo of 25-45 year olds with $35,000-plus household income, is on shows such as *60 Minutes*, *Nightline* and *CNN Headline News*. Network tv expenditures for the first nine months last year were $12.5 million, according to LNA.

Print for the "Road Assist" campaign was in the newsweeklies and national newspapers. Last year's nine-month print bill totaled just under $2 million, according to LNA, with titles such as *Bon Appetit*, *BusinessWeek* and *Esquire* supporting the



KIWANIS MAGAZINE

KIWANIS magazine delivers a unique, quality top executive, small-business audience.

READERS MEDIAN COMPANY SIZE IS 38.5 EMPLOYEES

79.3% MAKE PURCHASING DECISIONS. HAVE PURCHASING INFLUENCE FOR THEIR FIRMS

The KIWANIS magazine distinction is that our audience is the most publically active, civically involved group of readers to be found anywhere*

Small businesses often use credit cards for more than just controlling travel and expenses.

Many use them for purchases of office supplies and equipment, to pay for fleet gasoline and repairs, and even to manage short-term float and cash flow.

Reach a unique segment of the small-business market with KIWANIS magazine, our 284,467** publically active, civically involved subscribers that belong to Kiwanis clubs all across America.

For additional information, call or write:

Advertising Department, KIWANIS Magazine
3636 Woodview Trace
Indianapolis, IN 46268-3196

Phone 317-875-8755
Telex TWX 810-341-3471
FAX 317-879-0204

*Source for Readership Data: A.C. NIELSEN, 1988 Longitudinal Study of Readers in Business (available upon request)

**Paid Circulation: ABC Statement 12-31-89

MasterCard gold puts all the pieces together for "real people."

gold card, and *Inc.*, *Nation's Business*, *People*, *Savvy Woman* and *Parade* for the standard card.

Radio was used to support promotions, which included a 21st Century contest and announcements of new enhancements for the gold card. Again targeting the slightly older group, drive-time news spots were bought on a mix of talk stations and stations with a heavier emphasis on news.

American Express

With Visa and MasterCard moving into gold cards and services, American Express is adding benefits while spending heavily to promote them and build image. Its ad budget for the first nine months of 1989 was a whopping $92.4 million, more than double Visa and MasterCard combined.

Each of American Express' cards — Optima, green, gold and platinum — offer the same basic services, such as purchase protection, buyer assurance and 24-hour customer service. The Optima card, designed for people who want to rollover their payments, is a companion card for the basic green.

As a member goes up the ladder of premium cards, benefits are added. Gold and platinum card holders, for instance, get a year-end summary of card expenditures broken into categories. American Express buys blocks of tickets in order to offer its gold and platinum card members preferential seating to such events as the Ella Fitzgerald tribute at Avery Fisher Hall, theater performances and sporting events.

At the platinum level, the card company will help cardholders locate hard-to-find things through "worldwide personal assistance." If a traveller leaves something behind, American Express will retrieve it. There's a list of big "little" services that are exclusive to the platinum card member, whose annual fee is $300.

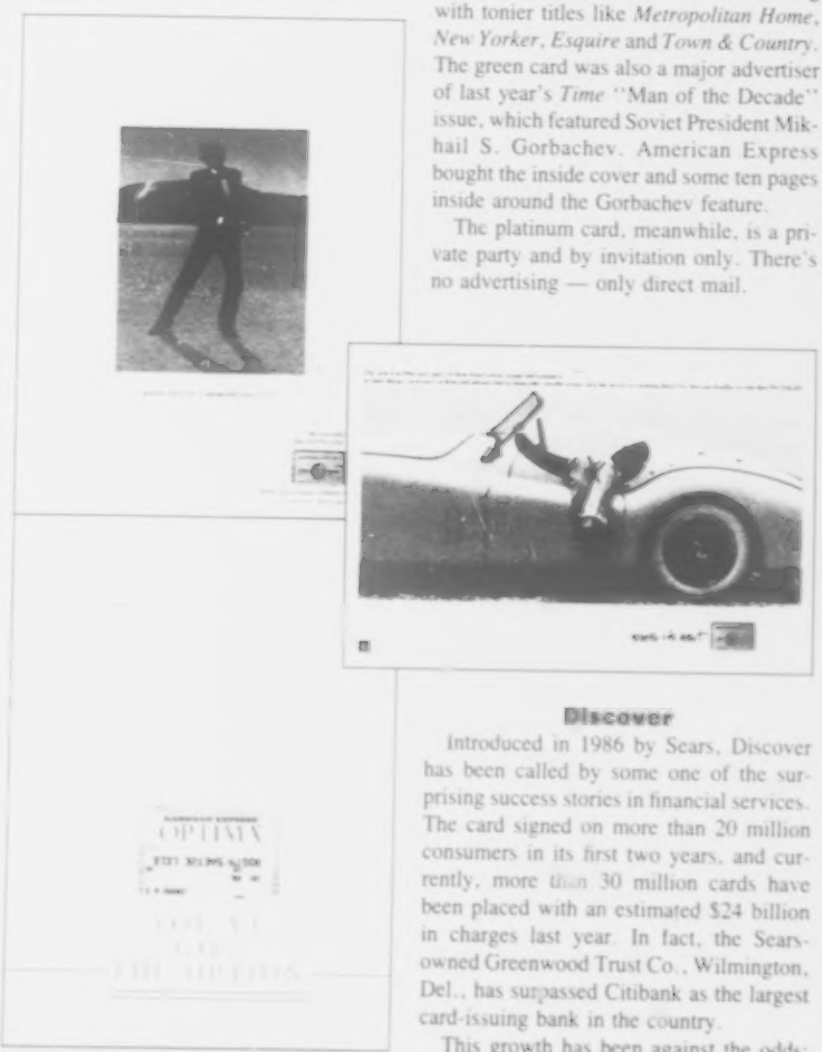
Advertising for the gold card is done by Chiat/Day/Mojo, with the bulk going to tv ($62.6 million) and print ($27.6 million) during the nine-month period covered by LNA. Green card advertising is split between image-oriented ads and more practical product benefit advertising. In "portraits," well-known cardmembers reveal how long they've been a part of the "club." More practical ads spell out the advantages of purchase protection as products go haywire or get stolen. Gold card ads combine the service and image message in one ad. Television is used for all the cards except platinum.

Some magazines, such as American Express' own *Travel & Leisure*, are appropriate for both the green and the gold cards. But the gold card also runs in select editions of *Time* targeted to the upscale demo, and in business books such as *Fortune*, *Forbes*, *Business Week* and *Black Enterprise*. "We cover the business segment, and we really make sure we have a presence in there," says Richard O'Connell, management supervisor at Chiat/Day/Mojo. To complement the special-events program, gold advertising goes into *Playbill*, *San Francisco Performing Arts* and other theater guides. It also goes into upscale regional books. "Gold card is much more heavied up in certain key markets like New York, Texas, Los Angeles," says O'Connell.

Television for gold includes sports to target the upscale male, as well as news and prime time. American Express spent about $7.5 million on spot tv for the gold card, and $306,000 on cable, according to LNA.

Print used by the green card includes mass magazines such as *Life*, *Newsweek*, *Time*, *People*, and *Sports Illustrated*, along with tonier titles like *Metropolitan Home*, *New Yorker*, *Esquire* and *Town & Country*. The green card was also a major advertiser of last year's *Time* "Man of the Decade" issue, which featured Soviet President Mikhail S. Gorbachev. American Express bought the inside cover and some ten pages inside around the Gorbachev feature.

The platinum card, meanwhile, is a private party and by invitation only. There's no advertising — only direct mail.



Feeling the pressure from bank cards, American Express extended its brand with Optima, gold and platinum cards.

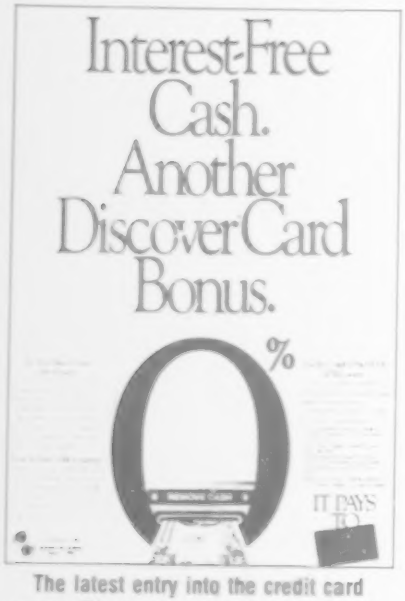
Discover

Introduced in 1986 by Sears, Discover has been called by some one of the surprising success stories in financial services. The card signed on more than 20 million consumers in its first two years, and currently, more than 30 million cards have been placed with an estimated $24 billion in charges last year. In fact, the Sears-owned Greenwood Trust Co., Wilmington, Del., has surpassed Citibank as the largest card-issuing bank in the country.

This growth has been against the odds; industry pundits thought it unlikely the market could support another card. "They've targeted the mass middle market,

and positioned themselves as good value," says Anita Hersh, a partner with Lister Butler, New York-based corporate and brand identity consultants. But it's been costly, requiring a billion dollar investment.

The lack of an annual fee has been critical to its ability to attract cardholders. Discover has a response rate of about 5% from customers solicited for the card, compared with an industry average of 1.5%. The card also offers an annual rebate, which is advertised heavily on tv. But the maximum 1% rebate only applies to annual purchases totaling more than $3,000, far above the card's $750 annual average. On total annual purchases of $1,000, the rebate is $2.50.



The latest entry into the credit card arena, Discover is targeting the middle market with a rebate and no annual fee.

Because of the Sears affiliation, Discover has certain efficiencies, such as the use of Sears' bill processing centers. But the lack of an annual fee raises questions about the profitability of the operation. "It's going to be difficult financially," says Bill Henneberry of Communications Diversified. "They have to depend on the [monthly payment] rollover and large charge volume."

Television took just about half of the $28.2 million spent in all media during the first nine months of last year, according to LNA. Television buys were a mix primarily of network and cable centered around news programs, sports and some prime time. Ads by DDB Needham Chicago concentrate on bringing the "news" about card rebates, and the ad environment reflects that. Programs include *ABC News at Sunrise*, *Good Morning America*, *CBS Morning News* and the *Today* show, according to Broadcast Advertisers Report. Cable programing included CNN and ESPN, according to BAR. Taking up the rest of the budget last year was network radio, with ads also next to news programs.

Print is lightly used for Discover because tv and radio offers more flexibility in setting and timing, says a source at the agency. Newspapers got $300,000 in the first nine months, according to LNA, while just two magazines — the *Los Angeles Times Magazine* and *The New York Times Magazine* — were on the schedule, with $51,000 in expenditures.

Diner's Club

Diner's Club, the oldest card in the market at 40 years, now ranks just fifth in volume on charges of $6 billion. But the card, issued by Citicorp, is highly targeted at the business-travel marketplace. "We'll go out of our way to take care of this audience group," says Doreen Edelman, vice president planning and communications the charge card issued by Citicorp.

Diners Club offers primary protection on car rentals, baggage insurance, emergency medical and legal assistance while traveling, and cash access service through a network of ATM machines.

The current print effort is an image-enhancing campaign demonstrating how Diner's Club goes out of its way to meet the special needs of business travelers. A headline, such as "When it's time to report expenses, we'll put it all together for you," is matched with a photo of Mari Gerfen, project manager of billing statement design, holding a giant paper clip.

Foote, Cone & Belding, Chicago scheduled national publications such as the *Wall Street Journal*, *USA Today*, *Fortune*, *Forbes* and *Business Week* are on the schedule, along with some local-market business journals, such as *Crain's New York Business* and *Crain's Chicago Business*. Print placements cost the company just under a half million dollars in the first nine months of 1989, according to LNA.

LNA tracked cable expenditures of $25,000 during the first nine months of 1989. Edelman says radio is used, but expenditures were not picked up by LNA or RER. She says the drive-time period is the most critical, which is supported by news and weather report buys on adult contemporary formats.

Diner's Club has also created the "Club Rewards" program, which works like a frequent-flier program. For each dollar spent with the card, the cardholder earns a club reward point, which can go towards premiums offered by any of the 15 airline, hotel or car rental frequent-user programs aligned with Diner's Club. ■

IF A MULTI-BILLION DOLLAR BUSINESS MARKET...

IS TOO IMPORTANT TO MISS...

TARGET IT RIGHT.

THE REALTOR® MARKET:
800,000 STRONG

800,000 REALTORS® comprise a target market that you can't afford to miss. REALTORS® are six times more likely than other consumers to have a Gold Card from Visa, MasterCard or American Express. They have big spending plans...and they're waiting to hear from you. Reach them in the two publications that reach every REALTOR®.

312/329-8296

Real Estate Today
OFFICIAL PUBLICATION OF THE NATIONAL ASSOCIATION OF REALTORS®

REALTOR NEWS

Source SMRB 1988

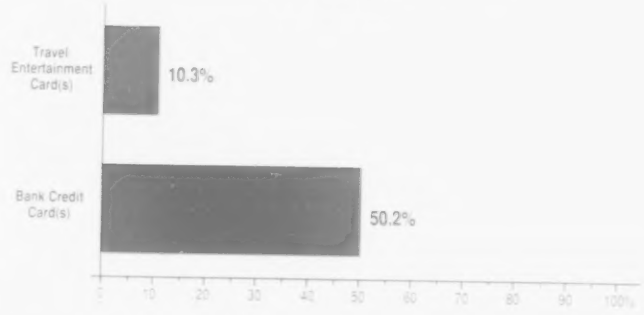
BRAND REPORT INDEX

Credit Cards

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

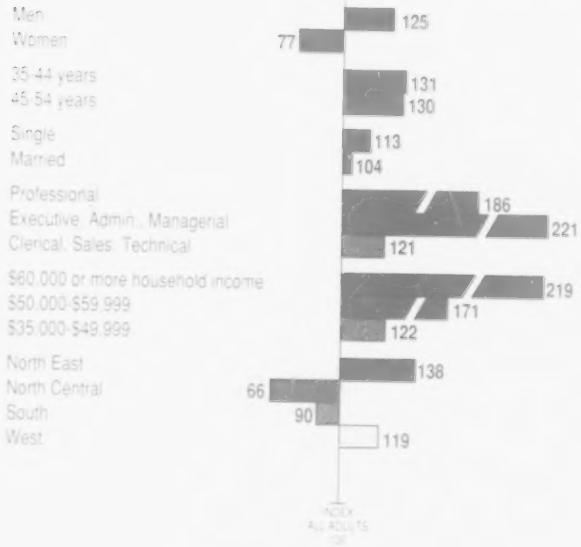
CREDIT CARD OWNERSHIP

(All Adults 18+)

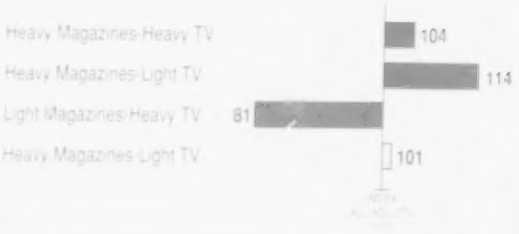


KEY DEMOGRAPHICS: BANK CREDIT CARD(s) OWNERS

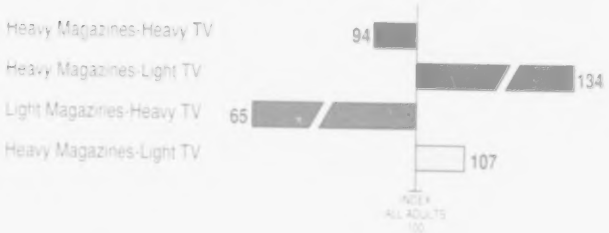
KEY DEMOGRAPHICS: TRAVEL/ENTERTAINMENT CREDIT CARD(s) OWNERS



MEDIA EXPOSURE BANK CREDIT CARD(s) OWNERS



MEDIA EXPOSURE TRAVEL/ENTERTAINMENT CREDIT CARD(s) OWNERS



MAGAZINE AD SCORECARD

	Ad Pages Feb. 1990	% change from Feb. 1989	Dollars spent (000)	% change from Feb. 1989
1. Skin care, Creams, Lotions and Oils	196.66	-13.3	8,430.0	-4.7
2. Lip and Eye Beauty Products	76.27	-30.9	2,803.5	-39.2
3. Scents and Fragrances	95.64	-13.7	2,938.9	-11.0
4. Facial Makeup Products	69.0	-17.9	3,552.8	-15.8
5. Prepared Dinners and Entrees (including pizzas)	85.45	197.6	5,669.3	-257.7
6. Liquor	279.23	-3.3	13,272.3	4.9
7. Cigarettes	473.23	-27.2	27,776.1	-28.0
8. Soaps and Detergents	21.0	49.9	1,212.4	27.2
9. Passenger Cars, Domestic	481.65	-23.5	27,660.3	-16.5
10. Passenger Cars, Imported	420.75	0.7	22,969.7	2.0

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

(The Media Cost Index is based on unit costs, which are the end product of circulation, audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costs.)

1985 = 100 ← 1989 →

	May	% change	June	% change	July	% change	Aug.	% change	Sep.	% change	Oct.	% change	Nov.	% change	Dec.	% change
Network TV																
Daytime	67	–12	63	–14	71	–11	67	–9	76	-48	80	-28	82	+3	74	+0.8
Nighttime	127	+16	112	-8	125	+14	135	+14	120	+2	119	+19	124	+10	123	+12
Spot TV																
Prime time	126	-0.3	131	+5	132	+7	134	+7	117	-15	116	-9	128	+23	130	+1
Daytime	101	–1	93	–0.2	107	+0.2	99	-1	94	-11	94	-12	98	-5	97	-1
Network radio	131	+13	126	+8	121	+19	127	+15	127	+14	142	+8	139	+11	131	+10
Spot radio	–	–	118	+17	–	–	–	–	112	+7	–	–	–	–	114	+4
Consumer magazines	122	+6	123	+7	123	+7	123	+8	124	+7	123	+7	123	+5	123	+3
Natl. Sunday magazines	130	+12	130	+12	130	+12	141	+10	141	+10	141	+10	141	+10	141	+10
Business publications	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6
Newspapers	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6
Outdoor	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8

Notes: Percentage shown is relative change from the same month/period the year before.
*Revised

Prime time is the most popular time for taping tv programs, according to a Nielsen report.

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Nightline Spot TV- Cost per average 30-second spot, 7:30-11p.m. Monday-Saturday and 7-11p.m. Sunday from Arbitron/Broadcast Advertisers Reports' Spot TV Service.

Daytime Spot TV- Cost per average 30-second spot, 10a.m.-4:30p.m. Monday-Friday from Arbitron/Broadcast Advertisers Reports' Spot TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

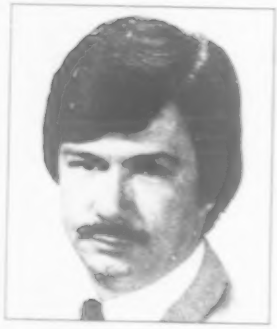
Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

LAST WORD

MASS RETAIL AND ITS MICRO MARKETS

As today's headlines suggest, retailing is one of the most exciting, frustrating, challenging, exasperating and fascinating segments of the American economy. It is also one of the most brutal, and as competition intensifies, retailers will take a harder look at the effectiveness of their promotional expenditures.

Several factors have important implications for how retailers will communicate with the consumer. They are: time compression; aging of the population; geomarketing; and market fragmentation.



For families where both spouses work, time is a valuable commodity. Marketers who can provide convenience in terms of how people acquire and consume products will reap huge rewards. Similarly, creative avenues must be found to reach consumers with messages that are short and sweet.

The aging of the population means a more savvy consumer who is adept at shopping and has definite opinions on the value of brand names and the relationship between price and quality. In light of the increasing personal cost (i.e., fighting traffic; finding a parking space, etc.) of patronizing traditional fixed-location retailers, consumers are more willing to purchase products by description rather than by inspection — either by telephone or through the mail.

As the attractiveness of direct marketing for the consumer increases, retailers will have to reorient their media strategies. In this instance the mass media is not just a vehicle for stimulating interest and desire; it is a viable alternative (versus face-to-face) for stimulating and closing the sale.

Geomarketing is a phenomenon that describes the increasing diversity in tastes and preferences. Traditionally, demographers concentrated on differences between larger regions such as East, West, North and South. Now manufacturers are developing marketing strategies to tap the idiosyncrasies exhibited by consumers across more narrowly defined geographic settings. Similarly, retailers are attempting to develop offerings to appeal to consumers in different parts of the country as well as in different neighborhoods in the same suburb.

Geographic marketing must be accompanied by geographic targeting. Newspapers, for instance, allow retailers to target specific areas within the newspaper's "territory." As geographic markets become scrambled, retailers are going to demand that audiences be delivered in even smaller geographic parcels. Some would say that there are too many stores attempting to appeal to too few people. Many specialty retailers try to differentiate themselves on the basis of a unique offer to a narrowly defined group of consumers. Consumers are becoming more demanding about what they require from retailers. The interaction between these two forces has lead to market fragmentation.

"Markets will decrease in size as competitors fine-tune segments along the lines of value, life-style, demographics, geographics and benefits."

Markets will continue to decrease in size as competitors fine-tune market segments along the lines of value, lifestyle, demographics, geographics, and benefits. The focus will be on developing a unique niche that matches the comparable strengths of the retailer and the requirements of the target market. Promotional strategies will place greater emphasis on developing the appropriate image to match the consumers' lifestyle and less on price promotions. To accomplish this, retailers will communicate through media that can deliver a specific audience. As retailers become more cost conscious, the media must deliver not only the message, but also the consumer.

Michael F. Smith is assistant professor of marketing at Temple University.

MARKETING & MEDIA DECISIONS (ISSN0195-4296) April 1990, Vol. 25, No. 4 Copyright © 1990, Decisions Publications Inc. Published monthly. Executive, editorial, circulation and advertising offices at 401 Park Avenue South, New York, N.Y. 10016 (212) 545-5100. Available without charge to those personally involved in media decisions at major agencies and advertiser companies. For others, subscription prices are: U.S.A. $48 for 12 issues. Canada $60. Overseas $70 (surface mail). Airmail — add $70. Single copy $4.00. All overseas copies are paid. Second-class postage paid at New York, New York, and additional mailing offices. Postmaster: Send address changes to Marketing & Media Decisions, P.O. Box 6069, Duluth, MN 55806-9769.